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ENDORSED - FILED
in the office of the Secretary of State
of the State of California

MAY 30 2002

CERTIFICATE OF AMENDMENT OF
ARTICLES OF INCORPORATION OF
THE CALIFORNIA ENDOWMENT

ROBERT K. ROSS, M.D., and CELIA LOMBARD hereby certify that:

BILL JONES, Secretary of State

1. They are the President and Secretary, respectively of THE CALIFORNIA ENDOWMENT, a California nonprofit public benefit corporation (Corp. No. 1930013).
2. ARTICLE IV of the Articles of Incorporation of this corporation is amended to read as follows:

ARTICLE IV

A. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and this corporation shall not participate in or intervene in any political campaign (including the publishing or distribution of statements) on behalf of or in opposition to any candidate for public office.

B. The property of this corporation is irrevocably dedicated to charitable purposes. No part of the net income or assets of this corporation shall ever inure to the benefit of any of its directors or officers, or to the benefit of any private person.

C. Upon the dissolution or winding up of this corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for charitable purposes and which has established its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

3. The foregoing amendment of the Articles of Incorporation has been duly approved by the Board of Directors of this corporation and the Attorney General of the State of California.

4. This corporation has no members.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge and that this declaration was executed on April 24, 2002, at Revere, California.



ROBERT K. ROSS, President



CELIA LOMBARD, Secretary

State of California

SECRETARY OF STATE

A476314

CORPORATION DIVISION

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the corporate record on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this

MAY 21 1996



Bill Jones

Secretary of State

A476314

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
WESTERN FOUNDATION FOR HEALTH IMPROVEMENT

ENDORSED - FILED
In the office of the Secretary of State
of the State of California

MAY 21 1996


BILL JONES, Secretary of State

ROBERT T. KNIGHT and GAIL C. WATTS hereby certify that:

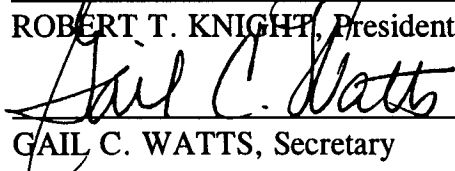
1. They are the President and Secretary, respectively, of WESTERN FOUNDATION FOR HEALTH IMPROVEMENT, a California nonprofit public benefit corporation (Corp. No. 1930013).
2. Article I of the Articles of Incorporation of this corporation is amended to read as follows:

"ARTICLE I: The name of this corporation is The California Endowment."
3. The foregoing amendment of the Articles of Incorporation has been duly approved by the Board of Directors of this corporation.
4. This corporation has no members.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge and that this declaration was executed on May 7, 1996 at Woodland Hills, California.



ROBERT T. KNIGHT, President



GAIL C. WATTS, Secretary

A475749

State of California

SECRETARY OF STATE

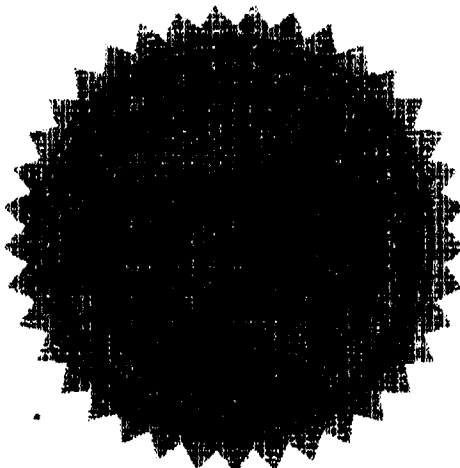
CORPORATION DIVISION

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the corporate record on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute
this certificate and affix the Great
Seal of the State of California this

MAY 10 1996



Secretary of State

97856

A475749

CERTIFICATE OF
AMENDED AND RESTATED ARTICLES OF INCORPORATION OF
WESTERN FOUNDATION FOR HEALTH IMPROVEMENT

ROBERT T. KNIGHT and GAIL C. WATTS hereby certify that:

1. They are the President and Secretary, respectively, of WESTERN FOUNDATION FOR HEALTH IMPROVEMENT, a California nonprofit public benefit corporation (Corp. No. 1930013).
2. The Articles of Incorporation of this corporation shall be amended and restated to read in their entirety as follows:

"AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
WESTERN FOUNDATION FOR HEALTH IMPROVEMENT

ARTICLE I

The name of this corporation is Western Foundation for Health Improvement.

ARTICLE II

A. This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for charitable and public purposes.

B. The specific purposes of this corporation are to promote the availability of and access to quality and affordable health care and related services to the people of the State of California, including, without limitation (i) to improve the availability of and access to such care and services to the uninsured, underinsured and other underserved populations and to improve the health status of all Californians, (ii) to develop and maintain initiatives to address short term and long term health care needs and concerns, (iii) to provide grants and establish programs to carry out such purposes and (iv) otherwise to serve the health care needs of the people of the State of California. X

ENDORSED
FILED

In the office of the Secretary of State
of the State of California

MAY 9 1996

Bill Jones
BILL JONES, Secretary of State

ARTICLE III

A. This corporation is organized exclusively for charitable, scientific and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

B. Notwithstanding any other provision of these articles, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of this corporation, and the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986, as amended.

ARTICLE IV

A. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and this corporation shall not participate in or intervene in any political campaign (including the publishing or distribution of statements) on behalf of or in opposition to any candidate for public office.

B. The property of this corporation is irrevocably dedicated to charitable, scientific or educational purposes. No part of the net income or assets of this corporation shall ever inure to the benefit of any of its directors or officers, or to the benefit of any private person.

C. Upon the dissolution or winding up of this corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for charitable or public purposes and which has established its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

ARTICLE V

A. The corporation will distribute its income for each tax year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code of 1986, as amended.

B. The corporation will not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code of 1986, as amended.

C. The corporation will not retain any excess business holdings as defined in Section 4943(c) of the Internal Revenue Code of 1986, as amended.

D. The corporation will not make any investments in such manner as to subject it to tax under Section 4944 of the Internal Revenue Code of 1986, as amended.

E. The corporation will not make any taxable expenditures as defined in Section 4945(d) of the Internal Revenue Code of 1986, as amended.

ARTICLE VI

This corporation shall have no members.

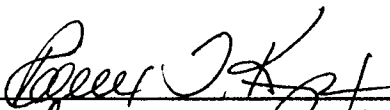
ARTICLE VII

Pursuant to the Order dated March 5, 1996 of the Department of Corporations of the State of California in the matter of Blue Cross of California, except for an amendment to change the name of this corporation, these Articles of Incorporation may not be amended without the prior consent of the California Attorney General. The Attorney General's consent must be in writing and may state that the Attorney General either approves or will not oppose the amendment. In determining what action to take with respect to the proposed amendment, the Attorney General may consider the standards set forth in such Order and the attachments thereto."


3. The foregoing amendment and restatement of the Articles of Incorporation of this corporation has been duly approved by the Board of Directors of this corporation.

4. This corporation has no members.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge and that this declaration was executed on May 7, 1996 at Woodland Hills, California.



ROBERT T. KNIGHT, President



GAIL C. WATTS, Secretary

ENDORSED
FILEDIn the office of the Secretary of State
of the State of CaliforniaARTICLES OF INCORPORATION
OF
WESTERN FOUNDATION FOR HEALTH IMPROVEMENT

MAR 14 1995

ARTICLE I


BILL JONES, Secretary of State

The name of this corporation is Western Foundation for Health Improvement.

ARTICLE II

A. This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for charitable and public purposes.

B. The specific purposes of this corporation are to promote the availability of and access to quality and affordable health care and related services to the people of the State of California, including, without limitation (i) to improve the availability of and access to such care and services to the uninsured, underinsured and other underserved populations and to improve the health status of all Californians, (ii) to develop and maintain initiatives to address short term and long term health care needs and concerns, (iii) to provide grants and establish programs to carry out such purposes and (iv) otherwise to serve the health care needs of the people of the State of California.

ARTICLE III

This corporation's initial agent for service of process in the State of California is Brian J. Donnelly, Esq., 21555 Oxnard Street, Woodland Hills, California 91367.

ARTICLE IV

A. This corporation is organized exclusively for charitable, scientific and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

B. Notwithstanding any other provision of these articles, this corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of this corporation, and the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986, as amended.

ARTICLE V

A. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and this corporation shall not participate in or intervene in any political campaign (including the publishing or distribution of statements) on behalf of or in opposition to any candidate for public office.

B. The property of this corporation is irrevocably dedicated to charitable, scientific or educational purposes. No part of the net income or assets of this corporation shall ever inure to the benefit of any of its directors or officers, or to the benefit of any private person.

C. Upon the dissolution or winding up of this corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for charitable or public purposes and which has established its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

ARTICLE VI

A. The corporation will distribute its income for each tax year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code of 1986, as amended.

B. The corporation will not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code of 1986, as amended.

C. The corporation will not retain any excess business holdings as defined in Section 4943(c) of the Internal Revenue Code of 1986, as amended.

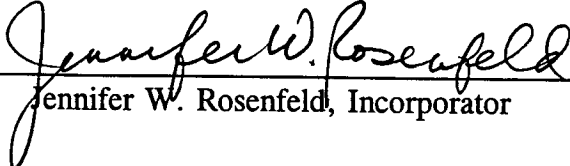
D. The corporation will not make any investments in such manner as to subject it to tax under Section 4944 of the Internal Revenue Code of 1986, as amended.

E. The corporation will not make any taxable expenditures as defined in Section 4945(d) of the Internal Revenue Code of 1986, as amended.

ARTICLE VII

This corporation shall have no members.

Dated: March 13, 1995



Jennifer W. Rosenfeld, Incorporator

BYLAWS
FOR
WESTERN FOUNDATION FOR HEALTH IMPROVEMENT

I

GENERAL PROVISIONS

1. Principal Offices. The Board of Directors ("Board") shall fix the location of the principal executive office of the Corporation at any place within the State of California.

2. Other Offices. The Board may at any time establish branch or subordinate offices at any place or places within the State of California.

II

OBJECTIVES AND PURPOSES

1. Purposes. The Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. The specific purposes of the Corporation are to promote the availability of and access to quality and affordable health care and related services to the people of the State of California, including, without limitation (i) to improve the availability of and access to such care and services to the uninsured, underinsured and other underserved populations and to improve the health status of all Californians; (ii) to develop and maintain initiatives to address short term and long term health care needs and concerns; (iii) to provide grants and establish programs to carry out such purposes; and (iv) otherwise to serve the health care needs of the people of the State of California.

2. Restricted Activities. The property of the Corporation is irrevocably dedicated to charitable purposes and no part of the net earnings, contributions or assets of the Corporation shall ever inure to the benefit of any of its Directors or officers, or to the benefit of any private person, except the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in its Articles of Incorporation and otherwise in these Bylaws.

No substantial part of the activities of the Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and this corporation shall not participate in or intervene in any political campaign (including

the publishing or distribution of statements) on behalf of or in opposition to any candidate for public office.

The corporation will distribute its income for each tax year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code of 1986, as amended (the "Code").

The corporation will not engage in any act of self-dealing as defined in Section 4941(d) of the Code.

The corporation will not retain any excess business holdings as defined in Section 4943(c) of the Code.

The corporation will not make any investments in such manner as to subject it to tax under Section 4944 of the Code.

The corporation will not make any taxable expenditures as defined in Section 4945(d) of the Code.

III

MEMBERSHIP

1. Membership. The Corporation shall not have any members.

2. Approval Of Board. Any action which would otherwise require approval by a majority of all members or approval by the members shall require only approval of the Board of Directors. All rights which would otherwise vest to the members under the provisions of the California Nonprofit Corporation Law relating to nonprofit public benefit corporations shall vest in the Directors.

IV

BOARD OF DIRECTORS

1. Powers.

(a) General Corporation Powers. Subject to the limitations imposed by law or contained in the Articles of Incorporation, the business and affairs of the Corporation shall be managed, and all corporate powers shall be exercised, by or under the ultimate direction of the Board of Directors.

(b) Specific Powers. Without prejudice to these general powers, and subject to the same limitations, the Directors shall have the power to:

i. Select and remove all officers, agents and employees of the Corporation; prescribe any powers and duties for

them that is consistent with law, with the Articles of Incorporation and with these Bylaws; and fix their compensation;

ii. Adopt, make and use a corporate seal; and alter the form of the seal; and

iii. Borrow money and incur indebtedness on behalf of the Corporation and cause to be executed and delivered for the Corporation and for its purposes, in the corporate name, promissory notes, bonds, debentures, deeds of trust, mortgages, pledges, hypothecations and other evidences of debt and securities.

(c) Self-Dealing Transactions. The Board of Directors shall not approve any transaction to which the Corporation is a party and in which one or more of its Directors has a material financial interest unless the transaction meets the requirements of subparagraph (i), (ii), or (iii), below.

i. The Attorney General of the State of California ("Attorney General"), or the court in an action in which the Attorney General is an indispensable party, has approved the transaction before or after it was consummated; or

ii. The following facts are established:

A. The Corporation entered into the transaction for its own benefit;

B. The transaction was fair and reasonable as to the Corporation at the time the Corporation entered into the transaction;

C. Prior to consummating the transaction or any part thereof, the Board of Directors authorized or approved the transaction in good faith by a vote of a majority of Directors then in office without counting the vote of the interested Director or Directors, and with knowledge of the material facts concerning the transaction and the Director's interest in the transaction; and

D. Prior to authorizing or approving the transaction, the Board of Directors considered and in good faith determined after reasonable investigation under the circumstances that the Corporation could not have obtained a more advantageous arrangement with reasonable effort under the circumstances or the Corporation in fact could not have obtained a more advantageous arrangement with reasonable effort under the circumstances; or

iii. The following facts are established:

A. A committee or person authorized by the Board of Directors approved the transaction in a manner

consistent with the standards set forth in subparagraph (ii) of this paragraph;

B. It was not reasonably practicable to obtain approval of the Board of Directors prior to entering into the transaction; and

C. The Board of Directors, after determining in good faith that the conditions of subparagraphs (A) and (B) of this subparagraph were satisfied, ratified the transaction at its next meeting by a vote of the majority of the Directors then in office without counting the vote of the interest Director or Directors.

2. Number, Qualifications And Term Of Directors. The following provisions are subject to those provisions of the Amended and Restated Undertakings of Blue Cross of California dated March 5, 1996 and attached to an Order of the California Department of Corporations dated March 5, 1996 relating to the number, qualifications and term of Directors.

The Board of Directors shall consist of not less than three (3) and not more than twenty (20) Directors, the exact number to be fixed by resolution of the Board from time to time. One of the Directors shall be the Chief Executive Officer of the Corporation. For a period of five (5) years from the date of the Corporation's initial endowment by Blue Cross of California, the Chief Executive Officer shall not be a former Director or officer of Blue Cross of California (whether before or after its conversion from a California nonprofit public benefit corporation to a California business corporation) or any of its affiliates. The remaining Directors shall be elected by a majority of the Directors. The Directors other than the Chief Executive Officer of the Corporation shall be eligible to serve up to three (3) terms of three (3) years each or a total of nine (9) years. The Chief Executive Officer shall serve on the Board of Directors for a term fixed by the Board of Directors in accordance with the provisions of these Bylaws. Prior service on the Board of Directors of Blue Cross of California shall be included in determining the maximum length of time a person may serve on the Board of Directors of the Corporation.

Upon subsequent appointment or election of Directors, the appointment or election shall be to fill the office bearing the number and designation mentioned in these Bylaws, and the persons thereafter successively appointed or elected thereto shall serve for the term of three (3) years (except that the Chief Executive Officer shall serve for a term fixed and established by the Board), provided that an appointment or election to fill a vacancy shall be for the unexpired term of the office in which the vacancy occurs.

Notwithstanding any other provisions in these Bylaws, no Director may be nominated for a three-year term of office that would begin after the Director's seventieth birthday.

The Directors shall continue to hold office until their successors are elected and qualified. The number of Directors may be changed by amendment of these Bylaws adopted by a favorable vote of two-thirds (2/3) of the members of the Board and consented to by the Attorney General pursuant to these Bylaws. Any such amendment of the Bylaws shall supersede any conflicting provisions of this Article IV, Section 2. After the conversion of Blue Cross of California to a business corporation, no person may serve simultaneously as a Director of the Corporation and as a Director of either Western Health Partnerships or Blue Cross of California.

A person who has served three (3) successive three (3) year terms as a Director is ineligible for re-election to the Board for a period of three years. For purposes of this Section 3, any Director elected to serve an unexpired term created by a vacancy on the Board who serves in excess of twenty-four (24) months of such expired term shall be deemed to have served the entire three (3) year term.

3. Annual Meeting. The Board of Directors shall hold an annual meeting during the month of April on a date and at a time set by the Board for the purpose of organization and the transaction of other business.

4. Regular And Special Meetings. In addition to the annual meeting, regular meetings of the Board may be held at any place within or without the State of California that has been designated from time to time by resolution of the Board. Regular meetings shall be held once each calendar quarter. No notice of the regular meeting of the Board need be given if the date, time and location of such meeting is established by resolution of the Board or announced at the preceding regular meeting.

Special meetings of the Board for any purpose or purposes may be held at any place within or without the State of California that has been designated in the notice of the meeting or, if not stated in the notice, at the principal office for the transaction of business of the Corporation. Notice of the date, time and place of special meetings of the Board shall be given to each Director by either (i) personal delivery of written notice, (ii) first class mail, postage prepaid, (iii) telephonic or facsimile communication, either directly to the Director or to a person at the Director's office who would be reasonably expected to communicate such notice promptly to the Director or (iv) by telegram, charges prepaid. All such notices shall be given or sent to the Director's address or telephone number shown on the books and records of the Corporation. Any notices sent by first class mail shall be deposited in the United States mail at least four (4) days prior to the time set for the meeting and notices

given by personal delivery, telephone or telegraph shall be delivered, telephoned or given to the telegraph company at least forty-eight (48) hours prior to the date and time set for the meeting. Such notice shall state the date and time, and if the meeting is to be held at a location other than the principal executive office of the Corporation, the location of the meeting. Special meetings of the Board shall be held whenever called by the Chair of the Board, a Vice Chair of the Board, the Chief Executive Officer, the Secretary, any Vice President or by any two (2) members of the Board. Neither a notice nor a waiver of notice must specify the purpose of any regular or special meeting.

5. Time And Place Of Meetings And Telephone Meetings. All meetings of Directors, regular and special, shall be held at the principal executive office of the Corporation or at such other place, within or without California, as shall be designated in the notice of the meeting or in a resolution of the Board of Directors. Directors may participate in any meeting, including the casting of votes, through use of conference telephone or similar communications equipment, provided that all members so participating can hear each other.

6. Quorum. A majority of the Directors then in office shall constitute a quorum for the transaction of business, except to adjourn, in which case a majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another date, time and place. Every act or decision done or made by a majority of the Directors present shall be the act of the Board subject to the provisions of the California Nonprofit Corporation Law and other provisions of these Bylaws. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for such meeting. Any action required or permitted to be taken by the Board may be taken without a meeting if all members of the Board, individually or collectively, consent in writing to such action. Any and all written consents shall be filed with the minutes of the proceedings of the Board.

7. Waiver Of Notice. The transaction of any meeting of the Board of Directors, however called and noticed or wherever held, shall be valid as though taken at a meeting duly held after regular call and notice, if: (i) a quorum is present, and (ii) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to the holding of the meeting or an approval of the minutes of the meeting. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

8. Adjournment. A majority of the Directors present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

9. Notice Of Adjournment. Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than twenty-four (24) hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the Directors who were not present at the time of the adjournment.

10. Fees And Compensation Of Directors. Directors and members of committees may receive such compensation, if any, for their services and such reimbursement for expenses incurred on behalf of the Corporation as may be fixed or determined by resolution of the Board of Directors; provided, however, that such compensation shall be reasonable and shall be comparable to the compensation paid for a like position by similar nonprofit organizations; and provided further that a Director may not vote on matters relating to his or her compensation in a capacity other than as a Director.

11. Vacancies. A vacancy or vacancies on the Board shall be deemed to exist in the event of (i) the death, resignation or removal of any Director; (ii) the declaration by resolution of the Board of the vacancy of the office of a Director who has been declared of unsound mind by an order of court or has been convicted of a felony or has been found by final order of judge or judgment of any court to have breached a duty imposed under the California Nonprofit Corporation Law; (iii) the vote of a majority of the Directors to remove a Director; (iv) the failure of the Directors, at any meeting of the Board of Directors at which any Director or Directors are to be elected, to elect the number of Directors to be elected at such meeting; or (v) an increase in the authorized number of Directors of the Corporation by amendment to these Bylaws. In the event that a Director ceases to have the qualifications required for election pursuant to this Article IV, the Board shall declare the office of such Director vacant as of the date the Board first learns that the Director's qualification ceased.

12. Resignations. Except as provided in this Section 13, any Director may resign, which resignation shall be effective when given in writing to the Chair of the Board, the Chief Executive Officer, the Secretary or the Board of Directors, unless the notice specifies a later time for the resignation to become effective. If the resignation of a Director is effective at a future time, the Board of Directors may elect a successor to take office when the resignation becomes effective. A Director who is absent without reasonable cause from one-third (1/3) or more of Board meetings during any year of that member's term shall be deemed to have automatically resigned from the Board. No Director may resign if such resignation would leave the

Corporation without a duly elected Director or Directors in charge of its affairs.

13. No Vacancy On Reduction Of Number Of Directors. No reduction of the authorized number of Directors shall have the effect of removing any Director before that Director's term of office expires.

14. Filling Of Vacancies. Vacancies on the Board shall be filled by a majority vote of the remaining members of the Board in accordance with the requirements set forth in this Article IV. The person elected to fill any vacancy shall serve for the unexpired term of the office vacated.

15. Committees.

(a) Generally. The Board may, by resolution adopted by a majority of the Directors then in office, designate one (1) or more committees, each consisting of two (2) or more Directors, to serve at the pleasure of the Board. Such committees shall include, without limitation, an Executive Committee to act on behalf of the Board between meetings of the Board, a Nominating Committee, an Audit Committee, an Investments and Finance Committee, a Grants and Programs Committee, and a Public Benefit Committee. Any committee, to the extent provided in the resolution of the Board, shall have the authority of the Board, except that no such committee, regardless of the content of the Board resolution may (i) take any final action on matters which, under the California Nonprofit Corporation Law, require the approval of the Board; (ii) fill vacancies on the Board or any committee which has the authority of the Board; (iii) fix compensation of Directors for serving on the Board or on any committee; (iv) amend or alter or repeal these Bylaws or adopt new Bylaws; (v) amend or repeal any resolution of the Board which by its express terms is not so amendable or repealable; (vi) appoint committees or the members thereof; (vii) expend corporate funds to support a nominee for Director after there are more people nominated for Director than can be elected; or (viii) approve any self-dealing transaction except as provided in paragraph (3) of subdivision (d) of Section 5233 of the California Nonprofit Corporation Law.

(b) Appointment; Term. The Board shall appoint the members and fill any vacancies created by the members of the committees by a majority vote of the Directors then in office. A vacancy on a committee shall be deemed to exist in the case of expiration of a term of office, death, resignation or removal of any member or in the event of expansion of the committee. Committee members shall serve terms of one (1) year or at the pleasure of the Board.

(c) Meetings. Each committee shall meet at least one (1) time each year. The Chair of the Board shall designate a member of each committee who shall serve as Chair of such

committee. Meetings of the committees shall be called by the Committee Chair or by the Board. Meetings and actions of the committees of the Board shall be governed by the provisions of these Bylaws concerning meetings of the Board with the committee and its members substituted for the Board and its members. Also the time for regular meetings of the committees may be determined either by resolution of the Board or by resolution of the committee. Special meetings of the committees may also be called by resolution of the Board. Notice of special meetings of committees of the Board shall also be given to any and all alternate members of such committees who have the right to attend all meetings of such committees. To ensure a quorum, the Chair of the Board may substitute another Board member to take the place of the committee member who cannot attend a meeting. The Board may adopt rules for the governance of any committee not inconsistent with the provisions of these Bylaws. A written report of each meeting of a committee shall be prepared and presented to the Board at the Board's next regular meeting.

(d) Executive Committee. The Executive Committee shall consist of the Chair of the Board and the Vice Chair of the Board plus the chairs of each of the Nominating Committee, Investments and Finance Committee, Grants and Programs Committee and Public Benefit Committee. The composition and membership of each committee, other than the Executive Committee, shall be reviewed annually by the Board. The purpose of the Executive Committee is to act when the full Board of Directors is unavailable. It shall have all the authority of the Board in the management of the business and affairs of the Corporation, except those powers that under these Bylaws or by law cannot be delegated by the Board. Notwithstanding the authority granted to the Executive Committee, the Executive Committee shall at all times have the discretion to refer any matter to a regular or special meeting of the Board of Directors.

(e) Nominating Committee. The Nominating Committee shall be comprised of three (3) to five (5) current Directors who are not eligible for re-election during that year and who did not serve on the Nominating Committee the previous year. The Nominating Committee shall meet annually for the purpose of considering and presenting to the Board, at least two (2) weeks prior to the special meeting of the Board for the election of officers and Directors, its nominations for officers and Directors, in accordance with the criteria set forth in Article IV, Section 2 of these Bylaws. Such nominations will be considered by the Board but shall not be binding. The Chair of the Board shall designate the Chair of the Nominating Committee.

(f) Audit Committee. The Board shall by resolution initially designate an Audit Committee, whose purpose is to advise the Board on the internal audit, external audit, and financial reporting processes operating within the Corporation. The Audit Committee shall advise the Chair of the Board or the Chief Executive Officer of the Corporation of matters which such

committee determines should be raised for consideration by the full Board.

(g) Investment Committee. The Board shall by resolution initially designate an Investments and Finance Committee, whose purpose is to advise the Board on investment policy, portfolio management, budget and finance matters and capital expenditures. This Committee shall meet no less often than six (6) times during each year. The Investments and Finance Committee shall advise the Chair of the Board or the Chief Executive Officer of the Corporation of matters which such committee determines should be raised for consideration by the full Board.

(h) Grants And Programs Committee. The Board shall by resolution initially designate a Grants and Programs Committee, whose purpose is to advise the Board on grant proposals submitted to the Corporation, including analysis of conflict of interest and self-dealing issues. Decisions of the Grants and Programs Committee will be advisory only and will in no way bind the Board to any action. The Grants and Programs Committee shall advise the Chair of the Board or the Chief Executive Officer of the Corporation of matters which such committee determines should be raised for consideration by the full Board.

(i) Public Benefit Committee. The Board shall by resolution initially designate a Public Benefit Committee, whose purpose is to advise the Board on health needs and issues for California, lead the process for strategic priority development and oversee public benefit activities undertaken by the organization. It shall also be responsible for the periodic evaluation of Foundation impact.

16. Chair And Vice Chair Of The Board. The Board shall elect a Chair of the Board and a Vice Chair of the Board at the special meeting to elect Directors. Both the Chair of the Board and the Vice Chair of the Board shall serve for a one (1) year term. No Director shall be eligible to serve as Chair of the Board for more than three (3) terms. No Director shall be eligible to serve as Vice Chair of the Board for more than three (3) terms.

V

PUBLIC BENEFIT COMMITMENTS

1. Compliance With Conditions Of Donations, Status. Subject to the provisions of California law, the Corporation shall faithfully comply with the conditions of any restricted donations it receives. The Directors of the Corporation shall use their best efforts to cause the Corporation to remain a California public benefit corporation in good standing and an organization described in Section 501(c) (3) of the Code.

2. Distributions; No Grants To Western Health Partnerships. During 1996, the Corporation shall expend not less than One Hundred Fifty Million Dollars (\$150,000,000.00) for public benefit purposes, which expenditures may include distributions required to be made by the Corporation under Section 4942 of the Code. Of such expenditures of One Hundred Fifty Million Dollars (\$150,000,000.00), the Corporation shall not claim as qualifying distributions on its Federal tax returns any amount in excess of the sum of the Corporation's distributable amounts for the tax years 1995 and 1996. Expenditures during 1996 in excess of such One Hundred Fifty Million Dollars (\$150,000,000.00) may be claimed as qualifying distributions in addition to the sum of the Corporation's distributable amounts for the tax years 1995 and 1996. At no time shall the Corporation make any grants to Western Health Partnerships, nor shall it make any other transfers of assets to Western Health Partnerships without the consent of the Attorney General in the manner provided in Section 3(a) below.

3. Oversight By The California Attorney General.

(a) Attorney General Authority. The Attorney General shall have authority to oversee the Corporation and its compliance with the provisions of Article IV, Sections 2 and 15(b) and this Article V. In addition to such reports and returns as are otherwise required of the Corporation, it shall provide such reports to the Attorney General as are necessary to evidence compliance with Article IV, Sections 2 and 15(b) and this Article V, and as the Attorney General may require from time to time. Until December 31, 2000, all requests for consent to the amendment of Articles of Incorporation or these Bylaws filed with the Attorney General and all reports required to be provided to the Attorney General, the California Franchise Tax Board and the Internal Revenue Service shall also be provided to the Commissioner of Corporations of the State of California at the time such requests for consent or reports are filed with the Attorney General, the California Franchise Tax Board or the Internal Revenue Service.

(b) Amendments Of Articles IV And V Of Bylaws. Notwithstanding Article IX, Section 1 of these Bylaws, Article IV, Sections 2 and 15(b) and Article V of these Bylaws may not be amended or repealed without the prior consent of the Attorney General. The Attorney General's consent must be in writing and may state that the Attorney General either approves or will not oppose the amendment. In determining what action to take with respect to the proposed amendment, the Attorney General may consider whether the proposed amendment is:

- i. of a ministerial nature;
- ii. material to the maintenance of the charitable assets or operations of the Corporation;

iii. consistent with the public benefit purposes of the Corporation, including the restrictions set forth in Article IV, Sections 2 and 15(b) and this Article V;

iv. made in order to conform to changes in requirements imposed by law;

v. made after a change in any statute referred to in Article IV, Sections 2 or 15(b) or this Article V to conform the applicable provisions to the original purposes thereof;

vi. otherwise in the interest of the public beneficiaries; or

vii. appropriate under the application of the doctrine of cy pres.

(c) Amendments Of Articles Of Incorporation. Except for an amendment to change the name of the Corporation, the Articles of Incorporation may not be amended without the prior consent of the Attorney General. The Attorney General's consent must be in writing and may state that the Attorney General either approves or will not oppose the amendment. In determining what action to take with respect to the proposed amendment, the Attorney General may consider the standards set forth in Section 3(b) above.

VI

OFFICERS

1. Officers. The officers of the Corporation shall be a Chair of the Board, a Vice Chair of the Board, a Chief Executive Officer, a Secretary and a Chief Financial Officer. The Corporation may also have, at the discretion of the Board of Directors, other officers as may be appointed in accordance with the provisions of Section 3 of this Article VI. Any number of offices may be held by the same person except that neither the Secretary nor the Treasurer may serve concurrently as the Chief Executive Officer or Chair of the Board.

2. Election Of Officers. The officers of the Corporation, except such officers as may be appointed in accordance with the provisions of Section 3, Section 5 or Section 9 of this Article VI, shall be chosen annually by the Board and each shall hold his or her office until he or she shall resign or shall be removed or otherwise disqualified to serve or his or her successor shall be elected and qualified. The Chair of the Board and the Vice Chair of the Board shall be so chosen annually from among the Directors of the Corporation. Neither the Chair nor any vice chair shall serve more than three (3) years. Officers enumerated under sections 3, 10 or 11 of this Article VI shall not be members of the Board.

3. Subordinate Officers. The Board may elect or authorize the appointment of, and may authorize the Chief Executive Officer or another officer to appoint, such other officers as the business of the Corporation may require, each of whom shall have the title, hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as the Board may from time to time authorize or determine.

4. Removal Of Officers. Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed either with or without cause by a majority of the Directors at the time in office at any regular or special meeting of the Board, or, in the case of an officer not chosen by the Board, by an officer on whom such powers of selection and removal may be conferred by the Board of Directors.

5. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner provided or authorized herein for appointment to such office.

6. Term Of Office. The officers of the Corporation, other than the Chief Executive Officer, shall, unless sooner removed, hold office for a term of one (1) year and until their successors are chosen and qualified.

7. Chair Of The Board. The Chair of the Board shall, if present, preside at all Board meetings. He or she may call special meetings including special meetings of standing Committees whenever he or she deems it necessary. The Chair of the Board shall exercise and perform such other powers and duties as may from time to time be assigned by the Board or prescribed by these Bylaws. The Chair of the Board shall also preside over the annual meeting.

8. Vice Chair Of The Board. In the absence of the Chair of the Board, the Vice Chair of the Board shall preside at all Board meetings and the annual meeting. The Vice Chair of the Board shall exercise and perform such other powers and duties as may from time to time be assigned by the Board or prescribed by these Bylaws.

9. Chief Executive Officer. Subject to such powers as may be given by the Board of Directors to the Chair of the Board, the Chief Executive Officer shall have general and active management of the business and affairs of the Corporation, subject to the supervision, order and direction of the Board. The Chief Executive Officer shall be elected by the Board. His or her term of office shall be fixed and established by the Board from time to time. The Chief Executive Officer shall, in the absence of the Chair and the Vice Chair of the Board, preside at all meetings of the Board of Directors. The Chief Executive Officer shall be an ex-officio member of all standing committees. The Chief Executive Officer shall have the general powers and duties

of management usually vested in the office of Chief Executive Officer of a corporation and such other powers and duties as may be prescribed by the Board.

10. Secretary. Unless otherwise determined by the Board of Directors or the Chief Executive Officer, the Secretary shall keep, or cause to be kept, at the principal office or such other place as the Board may order, a book of minutes of all meetings of the Board and its committees. The Secretary shall keep, or cause to be kept, at the principal office in the State of California the original or a copy of the Corporation's Articles and Bylaws, as amended to date.

The Secretary shall give, or cause to be given, notice of all meetings of the Board and any or all minutes of the meetings required by these Bylaws or by law to be given, shall keep the seal of the Corporation in safe custody, and shall have such other powers and perform such other duties as may be prescribed by the Board.

11. Chief Financial Officer. Unless otherwise determined by the Board of Directors or the Chief Executive Officer, the Chief Financial Officer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Corporation. The books of account shall at all times be open to inspection by any Director.

The Chief Financial Officer shall deposit or cause to be deposited all monies and other valuables in the name and to the credit of the Corporation with such depositaries as may be designated by the Board. The Chief Financial Officer shall disburse, or cause to be disbursed, the funds of the Corporation as may be ordered by the Board, shall render to the Chief Executive Officer and the Directors, whenever they request it, an account of all transactions and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board.

12. Salaries. The Board of Directors shall fix the salary of the Chief Executive Officer and may fix the salaries of other officers of the Corporation chosen by the Board. The Board may delegate the power to fix the salaries of other officers to the Chief Executive Officer.

VII

ADVISORY COUNCIL MEMBERS

1. Advisory Council Members. The Board may, by resolution adopted by a majority of the Directors then in office, designate an Advisory Council consisting of no less than eighteen (18) and no more than thirty-five (35) advisors. Membership on the

Advisory Council should represent both the general public and health services community.

2. Role Of Advisory Council. The role of the Advisory Council shall be to advise the Board of Directors on such matters as the Board of Directors submits to the Advisory Council for review and advice.

3. Advisory Council Member Terms. The term of an Advisory Council member will be three (3) years, with one-third (1/3) of the Advisory Council members selected respectively at each annual meeting or until a successor shall be selected; provided, however, that if the number of Advisory Council members shall be a number which is not divisible by three, in every third year the terms of all remaining Advisory Council members who have held such position for three (3) consecutive years will end and new Advisory Council members will be selected to replace such remaining Advisory Council members at the annual meeting for such year. No person may serve more than three (3) successive three-year terms as a member of the Advisory Council. Service as an Advisory Director of Blue Cross of California will count as years of service on the Advisory Council. A person who has served three successive three-year terms as a member of the Advisory Council is ineligible for reappointment for a period of three (3) years.

Vacancies created by death, resignation or removal may be filled for the unexpired term by appointment of the Board of Directors.

VIII

INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS

1. Definitions. For the purpose of this Article,

(a) "Agent" means any person who is or was a Director, officer, employee or other agent of the Corporation, or is or was serving at the request of the Corporation as a Director, officer, employee or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a Director, officer, employee or agent of a foreign or domestic corporation that was a predecessor corporation of the Corporation or of another enterprise at the request of the predecessor corporation;

(b) "Proceeding" means any threatened, pending or completed action or proceeding, whether civil, administrative or investigative; and

(c) "Expenses" include, without limitation, all attorneys fees, costs and any other expenses incurred in the defense of any claims or proceedings against an agent by reason

of his or her position or relationship as an agent and all attorneys' fees, costs and other expenses incurred in establishing a right to indemnification under this Article.

2. Successful Defense By Agent. To the extent that an agent of the Corporation has been successful on the merits in the defense of any proceeding referred to in this Article VIII, or in the defense of any claim, issue or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection with the claim. If an agent either settles any such claim or sustains a judgment rendered against him or her, then the provisions of Sections 3 through 5 below shall determine whether the agent is entitled to indemnification.

3. Actions Brought By Persons Other Than The Corporation. Subject to the findings required to be made pursuant to Section 5 below, the Corporation shall indemnify any person who was or is a party, or is threatened to be made a party, to any proceeding (other than an action brought by, or on behalf of, the Corporation, or by an officer, Director or person granted related status by the Attorney General, or by the Attorney General on the ground that the defendant Director was or is engaging in self-dealing within the meaning of Section 5233 of the California Nonprofit Corporation Law, or by the Attorney General or a person granted related status by the Attorney General for any breach of duty relating to assets held in charitable trust) by reason of the fact that such person is or was an agent of the Corporation, for all expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with the proceeding.

4. Actions Brought By Or On Behalf Of The Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action brought by or on behalf of the Corporation, or brought under Section 5233 of the California Nonprofit Corporation Law, or brought by the Attorney General or a person granted related status by the Attorney General for any breach of duty relating to assets held in charitable trust, by reason of the fact that the person is or was an agent of the Corporation, for all expenses actually and reasonably incurred in connection with the defense of that action or settlement of such action, subject to the determination of good faith conduct required by Section 5 below. Notwithstanding the above, no indemnification shall be made:

(a) Where the person to be indemnified is held liable unless, upon application, the court in which the action was brought determines that, in view of all of the circumstances of the case, the agent should be entitled to indemnification for the expenses incurred which the court shall determine;

(b) Of amounts paid in settling or otherwise-disposing of a threatened or pending action, with or without court approval; or

(c) Of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval unless it is settled with the approval of the Attorney General.

5. Determination Of Agent's Good Faith Conduct. The indemnification granted to an agent in Sections 3 and 4 above is conditioned on the following:

(a) Required Standard Of Conduct.

i. The Agent seeking reimbursement in an action under Section 3 above must be found, in the manner provided below, to have acted in good faith and in a manner he or she believed to be in the best interests of the Corporation. In the case of a criminal proceeding, the person must have had no reasonable cause to believe that his or her conduct was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith or in a manner which he or she reasonably believed to be in the best interest of the Corporation or that he or she had reasonable cause to believe that his or her conduct was unlawful.

ii. The agent seeking reimbursement in an action under Section 4 above must be found, in the manner provided below, to have acted in good faith, in a manner he or she believed to be in the best interests of the Corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use in similar circumstances.

(b) Manner Of Determination Of Good Faith Conduct.

The determination that the agent did act in a manner complying with Paragraph (a) above shall be made by:

i. The Board of Directors by a majority vote of a quorum consisting of Directors who are not parties to the proceeding; or

ii. The court in which the proceeding is or was pending, upon application by the Corporation or the agent or the attorney or any other person rendering a defense to the agent, whether or not the application is opposed by the Corporation.

6. Limitations. No indemnification or advance shall be made under this Article, except as provided in Section 2 or 5(b) (ii), in any circumstance when it appears:

(a) That the indemnification or advance would be inconsistent with a provision of the Articles of Incorporation, these Bylaws, a resolution of the Board of Directors or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(b) That the indemnification would be inconsistent with any condition expressly imposed by a court in approving a settlement.

7. Advance Of Expenses. Expenses incurred in defending any proceeding may be advanced by the Corporation before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the agent to repay the amount of the advance unless it is determined ultimately that the agent is entitled to be indemnified as authorized in this Article.

8. Contractual Rights Of Nondirectors And Nonofficers. Nothing contained in this Article shall affect any right to indemnification to which persons other than Directors and officers of the Corporation, or any subsidiary hereof, may be entitled by contract or otherwise.

9. Insurance. The Board of Directors may adopt a resolution authorizing the purchase and maintenance of insurance on behalf of any agent of the Corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such, whether or not the Corporation would have the power to indemnify the agent against that liability under the provisions of the Article; provided, however, that the Corporation may not purchase and maintain insurance to indemnify any agent for a violation of Section 5233 of the California Nonprofit Corporation Law relating to self-dealing transactions.

10. Fiduciaries Or Corporate Employee Benefit Plan. This Article does not apply to any proceeding against any Director, investment manager or other fiduciary of an employee benefit plan in that person's capacity as such, even though that person may also be an agent of the Corporation as defined in Section 1 of this Article VIII. Nothing contained in this Article shall limit any right to indemnification to which such a Director, investment manager or other fiduciary may be entitled by contract or otherwise, which shall be enforceable to the extent permitted by applicable law.

IX

MISCELLANEOUS PROVISIONS

1. Amendment Of Bylaws. These Bylaws or any part thereof may be amended or repealed, or new Bylaws adopted, by approval of

the Board of Directors. A copy of any proposed amendment to the Bylaws shall be delivered to each Director at least five (5) days prior to the date of the meeting at which the vote is taken. Any amendment to or repeal of Article IV, Sections 2 or 15(b) or Article V shall also require the consent of the Attorney General, as provided in Article V above.

- 2. Severability. Any provision of these Bylaws which may be prohibited by law or otherwise be held invalid shall be ineffective only to the extent of such prohibition or invalidity and shall not invalidate or otherwise render ineffective any or all remaining provisions of these Bylaws.

3. Inspection Of Records And Reports. Each Director shall have the absolute right at any reasonable time to inspect all books, records and documents of every kind and the physical properties of the Corporation. This inspection by a Director may be made in person or by an agent or attorney, and the right of inspection includes the right to copy and make extracts of documents.

4. Fiscal Year. The fiscal year of the Corporation shall begin on January 1 and end on December 31.

5. Contracts, Obligations. Any executive officer or officers, any agent or agents (with explicit Board authorization) or other employee or employees (with specific authorization from the Chief Executive Officer), may enter into any contract or execute any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors or Chief Executive Officer, as appropriate, no individual Director, and no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

6. Representation Of Shares Of Other Corporation. The Board of Directors and/or the Executive Committee shall have full and sole power to authorize and direct the Chief Executive Officer or any Vice-President and the Secretary or any Assistant Secretary of the Corporation to vote, represent and exercise on behalf of the Corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of the Corporation and to specify the particular actions to be taken with respect to such shares; provided that the officers of the Corporation shall have the authority to vote, represent and exercise on behalf of the Corporation all rights in such shares if such shares constitute less than ten percent (10%) of the assets of the Corporation. The authority herein granted to said officers may be exercised by such officers in person or by other persons authorized to do so by proxy duly executed by such officers.

7. Checks, Drafts, Orders For Payment, Notes. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable to the Corporation and any and all securities owned by or held by the Corporation requiring signature for transfer shall be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by the Board of Directors.

8. Annual Statement Of Certain Transactions And Indemnifications. Pursuant to Section 6322 of the California Nonprofit Corporation Law, the Board of Directors shall cause an annual statement of certain transactions and indemnifications to be sent to the Directors not later than one hundred twenty (120) days after the close of the fiscal year. Such annual report shall be prepared in conformity with the requirements of the California Nonprofit Corporation Law now in effect and as it may hereafter be amended.

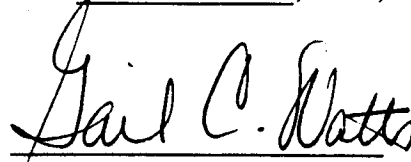
9. Corporate Loans, Guarantees And Advances. The Corporation shall not make any loan of money or property to or guarantee the obligation of any Director or officer, except as is expressly allowed under Section 5236 of the California Nonprofit Corporation Law.

10. Construction And Definitions. Unless the context requires otherwise, the general provisions, rules of construction and definitions in the California Nonprofit Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of the above, the masculine gender includes the feminine and neuter, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both the Corporation and a natural person.

CERTIFICATE OF SECRETARY
OF WESTERN FOUNDATION FOR HEALTH IMPROVEMENT

I certify that the foregoing is a true and correct copy of the bylaws of Western Foundation for Health Improvement (the "Corporation") and that these bylaws were duly adopted by the board of directors of the Corporation on May 7, 1996, effective as of May 14, 1996.

Dated: May 8, 1996


Gail C. Watts, Secretary



STATE OF CALIFORNIA

FRANCHISE TAX BOARD

P.O. BOX 1286

RANCHO CORDOVA, CA. 95741-1286

June 16, 1995

In reply refer to
340:G :JCA

WESTERN FOUNDATION FOR HEALTH IMPROVEMENT
BRIAN J DONNELLY
21555 OXNARD ST
WOODLAND HL CA 91367

Purpose : CHARITABLE
Code Section : 23701d
Form of Organization : Corporation
Accounting Period Ending: December 31
Organization Number : 1930013 WF1FH

THIS EXEMPTION IS GRANTED ON THE EXPRESS CONDITION THAT THE ORGANIZATION WILL SECURE FEDERAL EXEMPT STATUS WITH THE INTERNAL REVENUE SERVICE. THE ORGANIZATION IS REQUIRED TO FURNISH A COPY OF THE FINAL DETERMINATION LETTER TO THE FRANCHISE TAX BOARD WITHIN 9 MONTHS FROM THE DATE OF THIS LETTER.

You are exempt from state franchise or income tax under the section of the Revenue and Taxation Code indicated above.

This decision is based on information you submitted and assumes that your present operations continue unchanged or conform to those proposed in your application. Any change in operation, character, or purpose of the organization must be reported immediately to this office so that we may determine the effect on your exempt status. Any change of name or address must also be reported.

In the event of a change in relevant statutory, administrative, judicial case law, a change in federal interpretation of federal law in cases where our opinion is based upon such an interpretation, or a change in the material facts or circumstances relating to your application upon which this opinion is based, this opinion may no longer be applicable. It is your responsibility to be aware of these changes should they occur. This paragraph constitutes written advice, other than a chief counsel ruling, within the meaning of Revenue and Taxation Code Section 21012(a)(2).

You may be required to file Form 199 (Exempt Organization Annual Information Return) on or before the 15th day of the 5th month (4 1/2 months) after the close of your accounting period. Please see annual instructions with forms for requirements.

You are not required to file state franchise or income tax returns unless you have income subject to the unrelated business income tax

June 16, 1995

WESTERN FOUNDATION FOR HEALTH IMPROVEMENT

Corporate Number 1930013 WF1FH

Page 2

under Section 23731 of the Code. In this event, you are required to file Form 109 (Exempt Organization Business Income Tax Return) by the 15th day of the 5th month (4 1/2 months) after the close of your annual accounting period.

Please note that an exemption from federal income or other taxes and other state taxes requires separate applications.

A copy of this letter has been sent to the Registry of Charitable Trusts.

J AMAYA

EXEMPT ORGANIZATION UNIT
CORPORATION AUDIT SECTION
Telephone (916) 845-4171

EO :

cc: MARRON, REID & SHEEHY

COPY

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

Western Foundation for Health
Improvement
c/o Brian J. Donnelly
21555 Oxnard Street
Woodland Hills, CA 91367

Person to Contact: **Lawrence M. Brauer**

Telephone Number: **(202) 622-6466**

Refer Reply to: **CP:E:EO:T:1:LMB**

Date: **APR 16 1996**

Employer Identification Number: 95-4523232
Key District: Western (Los Angeles, CA)
Accounting Period Ending: December 31
Form 990 Required: Yes

Dear Applicant:

Based on the information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

We have further determined that, as indicated in your application, you are a private foundation within the meaning of section 509(a) of the Code. In this letter, we are not determining whether you are an operating foundation as defined in section 4942(j)(3).

If your sources of support, or your purposes, character, or method of operation change, please let your key district know so that office can consider the effect of the change on your exempt status. In the case of an amendment to your organizational document or bylaws, please send a copy of the amended document or bylaws to your key district. Also, you should inform your key district office of all changes in your name or address.

As of January 1, 1984, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act. Since you are a private foundation, you are subject to excise taxes under Chapter 42 of the Code. You also may be subject to other federal excise taxes. If you have any questions about excise, employment, or other federal taxes, please contact your key district office.

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of Code sections 2055, 2106, and 2522.

Western Foundation for Health Improvement

Contribution deductions are allowable to donors only to the extent that their contributions are gifts, with no consideration received. Ticket purchases and similar payments in conjunction with fund-raising events may not necessarily qualify as fully deductible contributions, depending on the circumstances. If your organization conducts fund-raising events such as benefit dinners, shows, membership drives, etc., where something of value is received in return for payments, you are required to provide a written disclosure statement informing the donor of the fair market value of the specific items or services being provided. To do this you should, in advance of the event, determine the fair market value of the benefit received and state it in your fund-raising materials such as solicitations, tickets, and receipts in such a way that the donor can determine how much is deductible and how much is not. Your disclosure statement should be made, at the latest, at the time payment is received. Subject to certain exceptions, your disclosure responsibility applies to any fund-raising circumstance where each complete payment, including the contribution portion, exceeds \$75. In addition, donors must have written substantiation from the charity for any charitable contribution of \$250 or more. For further details regarding these substantiation and disclosure requirements, see the enclosed copy of Publication 1771. For additional guidance in this area, see Publication 1391, Deductibility of Payments Made to Organizations Conducting Fund-Raising Events, which is available at many IRS offices or by calling 1-800-TAX-FORM (1-800-829-3676).

You are required to file Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as a Private Foundation. Form 990-PF must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$10 a day is charged when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty charged cannot exceed \$5,000 or 5 percent of your gross receipts for the year, whichever is less. This penalty may also be charged if a return is not complete, so please be sure your return is complete before you file it.

You are required to make your annual return available for inspection by any citizen upon a request made within 180 days after the date of publication of its availability, and you must publish the notice of availability no later than the date required for filing the return. You are also required to make available a copy of your exemption application, any supporting documents, and this exemption letter. Failure to make these documents available for public inspection may subject you to a penalty of \$10 per day for each day there is a failure to comply (up to a maximum of \$5,000 in the case of an annual return). See

Western Foundation for Health Improvement

Internal Revenue Service Notice 88-120, 1988-2 C.B. 454, for additional information.

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

In this letter, we have not determined the effect on your tax-exempt status of financing your activities with the proceeds of tax-exempt bonds since you have not indicated that you intend to use such methods now or in the future.

You need an employer identification number even if you have no employees. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

We are informing your key district office of this ruling. Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

If you have any immediate questions about this ruling, please contact the person whose name and telephone number are shown in the heading of this letter. For other matters, including questions concerning reporting requirements, please contact your key district office.

In accordance with the Power of Attorney currently on file with the Internal Revenue Service, we are sending a copy of this letter to your authorized representatives.

Sincerely,

(Signed) Marvin Friedlander

Marvin Friedlander
Chief, Exempt Organizations
Technical Branch 1

Enclosure:
Pub. 1771

Western Foundation for Health Improvement

bcc: E. Lewis Reid, Esq.
Marron, Reid & Sheehy
601 California Street, Suite 1200
San Francisco, CA 94108-2896

Richard L. Ruvelson, Esq.
Coopers & Lybrand
350 South Grand Avenue, Suite 4900
Los Angeles, CA 90071